

## Disclosure Statement

Dear Customer,

The Industrial and Commercial Bank of China Financial Services LLC (“ICBCFS”) is a broker-dealer registered with the Securities and Exchange Commission (“SEC”) and a member of the Financial Industry Regulatory Authority (“FINRA”) and the Securities Investor Protection Corporation (“SIPC”). ICBCFS is a wholly-owned subsidiary of the Industrial and Commercial Bank of China Limited, a financial institution based in the People’s Republic of China with banking activities in the United States. ICBCFS is required by its regulators to periodically provide you with certain disclosures and other information. In addition to this Disclosure Statement, we encourage you to review the ICBCFS website regularly for announcements regarding our services, updated policies and procedures, and other news concerning your account.

**Privacy:** ICBCFS recognizes the importance of protecting the privacy of our customers and as such, we have policies in place to maintain the confidentiality and security of customer information. It is ICBCFS’ general policy to restrict access to nonpublic client information to only those employees who have a need to know the information. ICBCFS may, in certain circumstances, share customer information with affiliates (including, without limitation, the Industrial and Commercial Bank of China Limited) and vendors in order to better serve you. ICBCFS must obtain your consent before it can share nonpublic customer information with, or obtain such information from, its banking affiliates, including their credit evaluation of you. Unless and until you notify ICBCFS in writing to the contrary, you shall be deemed to have consented to the disclosure of nonpublic information between ICBCFS and its banking affiliates, to the extent permitted by law and/or regulation.

**Important Information for Opening a New Account:** To help the government fight the funding of terrorism and money laundering activities, Federal law and/or regulation requires all financial institutions to obtain, verify and record information that identifies each person who opens an account. Accordingly, when you open an account with ICBCFS, we will ask for your name, address, and any other information that will allow us to identify you. We may also request other identifying information and supporting documentation.

**Identity Theft Protection Program:** ICBCFS has implemented an Identify Theft Protection Program, (“Program”) to detect, prevent and mitigate identity theft for its customers and their accounts. The Program is in compliance with the Federal Trade Commission’s Red Flag Rules under the Fair and Accurate Credit Transaction Act and Regulation S-ID.

The Program is designed to allow ICBCFS to identify, detect, and respond to “red flags”: patterns, practices or specific activities that could indicate a possible risk to existing customer accounts. Further information is available at the FTC’s website: <https://www.ftc.gov/business-guidance/privacy-security/red-flags-rule>.

**Customer Complaints:** In accordance with SEC Rule 17a-3(a)(18)(ii), please be advised that any complaints may be directed to the following:

Industrial and Commercial Bank of China Financial Services LLC  
1633 Broadway, 28th Floor  
New York, N.Y. 10019  
Attn: Compliance Department  
(212) 235-0683

**Information Concerning FINRA BrokerCheck Investor Education and Protection:** In connection with FINRA Rule 2267, FINRA requires that ICBCFS, as a member firm, notify our customers about the availability of information through the FINRA BrokerCheck program. The FINRA Broker Check Hotline Number is (800) 289-9999. FINRA’s website address is [www.finra.org](http://www.finra.org). An investor brochure that includes information describing the Public Disclosure Program is available upon request from FINRA.

**SIPC Disclosure:** The Securities Information Protection Company (“SIPC”) is a non-profit, membership corporation funded by member broker-dealers. SIPC protects cash and securities held with ICBCFS as specified in the Securities Investor Protection Act (“SIPA”). As specified in SIPA, SIPC protects cash,

including US dollars and foreign currency, to the extent that the cash was deposited with ICBCFS for the purpose of purchasing securities. ICBCFS is a member of the SIPC. Pursuant to Rule 2266, FINRA requires that ICBCFS, as a member, disclose to new customers, and annually to all customers, that they may obtain information about SIPC, including the SIPC brochure, by contacting SIPC at the following address:

Securities Investor Protection Corporation  
1667 K Street N.W., Suite 1000  
Washington, DC 20006-1620  
Telephone: (202) 371-8300  
Website: [www.sipc.org](http://www.sipc.org)

**Financial Statements:** ICBCFS' Financial Statements are available for your personal inspection at ICBCFS' offices or at the regional office of the SEC in New York. Alternatively, a copy will be mailed to you upon your written request. You may also visit our website at [www.icbcfs.com/financialcondition](http://www.icbcfs.com/financialcondition) or call (212) 235 0652 to obtain a copy.

**SEC Rule 606 Quarterly Order Routing Reports and other Order Routing Information Available upon Request:** Exchange Act Rule 606 requires all brokerage firms to make publicly available quarterly reports describing their order routing practices. For ICBCFS, these quarterly reports describe how and where customer orders are routed when customers grant ICBCFS discretion over where to route an order rather than directing their order to a particular market center. ICBCFS' quarterly order routing reports are available on the ICBCFS website at [www.icbcfs.com](http://www.icbcfs.com) or can be obtained by contacting the ICBCFS Execution Services Contact through the ICBCFS website at the Contact Us Page.

In addition to quarterly reports provided pursuant to Exchange Act Rule 606, a broker-dealer is required, upon a customer request, to provide information regarding the identity of the market center to which the customer's orders were routed in the six months prior to the request; whether the order was a directed or non-directed order, and the time of the transaction, if any, that resulted from such order. Please contact the ICBCFS Execution Services Desk at [EquityTrading@icbkfs.com](mailto:EquityTrading@icbkfs.com) if you wish to receive the foregoing routing information for any order(s) within the past six months. Please type "Request for Order Routing Information" in the subject line of your request and please include your name, user id and account number as well as the date of the order, the security, the quantity, and any other information necessary to identify the order (e.g., the time of day if there were several similar orders that day).

Also, under SEC Rule 606(b)(3) ICBCFS will upon request of a client that places not held orders, provide specific information regarding the routing and execution of such orders for the prior six months.

**SEC Rule 607 Payment for Order Flow Practices:** Pursuant to Exchange Act Rule 607, unless the customer requests that ICBCFS route the order to a particular market center, ICBCFS transmits orders accepted by it to various routing broker-dealers for execution based on a number of factors. These factors include price, including price-improvement opportunities, speed of execution, availability of efficient, automated transaction processing, liquidity-enhancement opportunities, the speed of displaying better-priced limit orders, access to reliable market data, trading characteristics of the particular securities, and the extent to which a different routing broker may be more suitable for different types of orders or different securities. ICBCFS' order routing policies consider all of the factors listed above and are reasonably designed to result in favorable transaction processing for customers.

ICBCFS receives remuneration, compensation or other consideration for directing customer orders for securities to particular routing brokers for execution. Such consideration, if any, may take the form of credits against fees due such market centers, monetary payments, research, and reciprocal agreements for the provision of order flow, products or services or other items of remuneration.

**Risks of After-Hours Trading:** There are special characteristics and unique risks associated with trading in securities at times that are outside the ordinary trading hours for the exchange(s) upon which such securities are traded ("After-Hours Trading" or "Extended Hours Trading"). Customers must familiarize themselves with these risks and determine whether After-Hours Trading is appropriate in light of their objectives and experience. Customers are responsible for familiarizing themselves with the hours of the relevant markets upon which they trade and for determining when to place orders for particular securities, how they wish to direct those orders, and what

types of orders to use. ICBCFS' offer of After-Hours Trading does not constitute a recommendation or conclusion that After-Hours Trading will be successful or appropriate for all customers or trades.

Some risks associated with After-Hours Trading include:

- **Risk of Lower Liquidity.** Liquidity refers to the ability of market participants to buy and sell securities. Generally, the more orders that are available in a market, the greater the liquidity. Liquidity is important because with greater liquidity it is easier for investors to buy or sell securities, and as a result, investors are more likely to pay or receive a competitive price for securities purchased or sold. There may be lower liquidity in extended hours trading as compared to regular market hours. As a result, your order may only be partially executed, or not at all.
- **Risk of Higher Volatility.** Volatility refers to the changes in price that securities undergo when trading. Generally, the higher the volatility of a security, the greater its price swings. There may be greater volatility in extended hours trading than in regular market hours. As a result, your order may only be partially executed, or not at all, or you may receive an inferior price in extended hours trading than you would during regular markets hours.
- **Risk of Changing Prices.** The prices of securities traded in extended hours trading may not reflect the prices either at the end of regular market hours, or upon the opening of the next morning. As a result, you may receive an inferior price in extended hours trading than you would during regular market hours.
- **Risk of Unlinked Markets.** Depending on the extended hours trading system or the time of day, the prices displayed on a particular extended hours trading system may not reflect the prices in other concurrently operating extended hours trading systems dealing in the same securities. Accordingly, you may receive an inferior price in one extended hours trading system than you would in another extended hours trading system.
- **Risk of News Announcements.** Normally, issuers make news announcements that may affect the price of their securities after regular market hours. Similarly, important financial information is frequently announced outside of regular market hours. In extended hours trading, these announcements may occur during trading, and if combined with lower liquidity and higher volatility, may cause an exaggerated and unsustainable effect on the price of a security.
- **Risk of Wider Spreads.** The spread refers to the difference in price between what you can buy a security for and what you can sell it for. Lower liquidity and higher volatility in extended hours trading may result in wider than normal spreads for a particular security.
- **Risk of Lack of Calculation or Dissemination of Underlying Index Value or Intraday Indicative Value ("IIV").** For certain Derivative Securities Products, an updated underlying index value or IIV may not be calculated or publicly disseminated during extended trading hours. Since the underlying index value and IIV are not calculated or widely disseminated during the pre-market and post-market sessions, an investor who is unable to calculate implied values for certain Derivative Securities Products in those sessions may be at a disadvantage to market professionals.

During After-Hours Trading, ICBCFS may provide quotations from and execute Customer trades through various Electronic Communications Networks ("ECNs"), exchanges or other trading systems ("After-Hours Trading Facilities"). Quotations provided during After-Hours Trading may be different than quotations provided during exchange trading hours. Likewise, it is possible that the quotations displayed by ICBCFS from After-Hours Trading Facilities on which ICBCFS can execute Customer trades may be less favorable than those on other After-Hours

Trading Facilities to which ICBCFS does not have access. Last sale information provided by ICBCFS may not reflect the prices of the most recent trades on all of the various After-Hours Trading Facilities.

**Day Trading Risk Disclosure Statement:** This Day Trading Risk Disclosure Statement is being provided to you

in the event your account becomes, or already is, classified as a Pattern Day Trader account. As required by SEC and SRO rules and regulations, ICBCFS will classify an account that effects three (3) day trades within a five (5) day period as a Pattern Day Trader account.<sup>1</sup> The regulations prohibit ICBCFS from permitting a Pattern Day Trader account from effecting any transactions unless such account maintains a Minimum Equity Requirement of at least \$25,000.

You should consider the following points before engaging in a day-trading strategy. For purposes of this notice, a “day-trading strategy” means an overall trading strategy characterized by the regular transmission by a customer of intra-day orders to effect both purchase and sale transactions in the same security or securities.

- **Day Trading can be Extremely Risky.** Day trading generally is not appropriate for someone of limited resources and limited investment or trading experience and low risk tolerance. You should be prepared to lose all of the funds that you use for day trading. In particular, you should not fund day-trading activities with retirement savings, student loans, second mortgages, emergency funds, funds set aside for purposes such as education or home ownership, or funds required to meet your living expenses. Further, certain evidence indicates that an investment of less than \$50,000 will significantly impair the ability of a day trader to make a profit. Of course, an investment of \$50,000 or more will in no way guarantee success.
- **Be Cautious of Claims of Large Profits from Day Trading.** You should be wary of advertisements or other statements that emphasize the potential for large profits in day trading. Day trading can also lead to large and immediate financial losses.
- **Day Trading Requires Knowledge of Securities Markets.** Day trading requires in-depth knowledge of the securities markets and trading techniques and strategies. In attempting to profit through day trading, you must compete with professional, licensed traders employed by securities firms. You should have appropriate experience before engaging in day trading.
- **Day Trading Requires Knowledge of a Firm’s Operations.** You should be familiar with a securities firm’s business practices, including the operation of the firm’s order execution systems and procedures. Under certain market conditions, you may find it difficult or impossible to liquidate a position quickly at a reasonable price. This can occur, for example, when the market for a stock suddenly drops, or if trading is halted due to recent news events or unusual trading activity. The more volatile a stock is, the greater the likelihood that problems may be encountered in executing a transaction. In addition to normal market risks, you may experience losses due to systems failures.
- **Day Trading will Generate Substantial Commissions, even if the Per Trade Cost is Low.** Day trading involves aggressive trading, and generally you will pay commission on each trade. The total daily commissions that you pay on your trades will add to your losses or significantly reduce your earnings.
- **Day Trading on Margin or Short Selling may Result in Losses Beyond Your Initial Investment.** When you day trade with funds borrowed from a firm or someone else, you can lose more than the funds you originally placed at risk. A decline in the value of the securities that are purchased may require you to provide additional funds to the firm to avoid the forced sale of those securities or other securities in your account. Short selling as part of your day-trading strategy also may lead to extraordinary losses, because you may have to purchase a stock at a very high price in order to cover a short position.

<sup>1</sup> A day trade is a buy and sell transaction in the same security on the same day.

**Options Disclosure Document:** For customers who trade options, the various exchanges require that those customers be provided with a current copy of the Options Disclosure Document (“ODD”), issued by the Options Clearing Corporation. The most recent ODD may be obtained at the following website, <https://www.theocc.com/about/publications/publication-listing.jsp>. Copies of the ODD can also be obtained by contacting ICBCFS directly at (212) 235-0683.

## **Business Continuity Plan Disclosure Statement**

The Firm is committed to safeguarding the interests of our clients and customers in the event of an emergency or significant business disruption (“SBD”). The Company has developed a Business Continuity Plan (“BCP”) to respond to events that significantly disrupt our business. Since the timing and impact of disasters and disruptions are unpredictable, we will have to be flexible in responding to actual events as they occur. With that in mind, we are providing you with the following information regarding our BCP.

### **Contacting Us**

If after a significant business disruption, if you cannot contact us via the normal processes, you should go to our web site at [www.icbcfs.com](http://www.icbcfs.com) for information or contact the Firm at our alternate number 212-993-7300 or via email at [info@icbkfs.com](mailto:info@icbkfs.com).

### **Our Business Continuity Plan**

We plan to quickly recover and resume business operations after a significant business disruption and respond by safeguarding our employees and property, making a financial and operational assessment, protecting the firm’s books and records, and allowing our customers to transact business. In short, our business continuity plan is designed to permit our firm to resume operations as quickly as possible, given the scope and severity of the significant business disruption.

Our business continuity plan addresses: data backup and recovery; all mission critical systems; financial and operational assessments; alternative communications with customers, employees, and regulators; alternate physical location of employees; critical supplier, contractor, bank and counter-party impact; regulatory reporting; and assuring our customers prompt access to their funds and securities if we are unable to continue our business.

### **Varying Disruptions**

SBDs can vary in scope, such as industry wide, only our firm, a single building housing our firm, the business district where our firm is located or industry wide, the city where we are located, or the whole region. Within each of these areas, the severity of the disruption can also vary from minimal to severe. In either situation, we plan to continue our business operations or transfer operations to our clearing firm(s) if necessary, and notify you through our web site at [www.icbcfs.com/distaster-recovery/](http://www.icbcfs.com/distaster-recovery/) or our customer emergency number (212) 993-7300 or [info@icbkfs.com](mailto:info@icbkfs.com)

### **Disclaimers**

Industrial and Commercial Bank of China Financial Services LLC’s BCP is designed to be prepared for SBDs and to resume our business operations as quickly as possible if an event does occur. The information contained within is a summary of that plan. Because of the confidential nature of the plan, it is not possible to distribute the entire plan to clients, customers, or other external entities.

Recovery-time objectives provide concrete goals to plan for and test against. They are not, however, fixed deadlines that will be met in every emergency, also various external factors surrounding a disruption, such as time of day, scope of disruption, and status of critical infrastructure—particularly telecommunications—can affect actual recovery times.

The Business Continuity Plan Disclosure is subject to change without notice. We may modify this disclosure at any time with such modifications becoming effective upon posting to our web site.

**Margin Disclosure:** The following information is to notify you of some basic facts about purchasing securities on margin and to alert you to the risks involved with trading securities in a margin account. Before trading in a margin account, you should carefully review your Customer Agreement. If you have any questions, please call your Registered Representative.

**General Information:** When you buy stock on margin, you pay part of the cost, subject to a minimum percentage, and ICBCFS loans the balance to you. In most cases, the minimum percentage that you must pay for securities purchased is the rate established by the Board of Governors of the Federal Reserve System; the current rate is 50% of the cost of the transaction. For example, if you purchase stock on margin that costs

\$10,000, you would be required to pay \$5,000. The unpaid balance of \$5,000 would appear as a debit in your account and would be subject to a monthly interest charge.

The securities purchased are the firm's collateral for the loan to you. If the securities in your account decline in value, so does the value of the collateral supporting your loan, and as a result, ICBCFS can take action, such as issuing a margin call or selling securities in your account, in order to maintain the required equity in the account.

**Risks of Borrowing on Margin:** It is important that the risks involved in trading securities on margin are fully understood. Because it involves an extension of credit, it may not be appropriate for all investment objectives.

- You can lose more funds than you deposit in a margin account. A decline in the value of securities that are purchased on margin may require you to provide additional funds to avoid the forced sale of those securities or other securities in your account.
- ICBCFS can force the sale of securities or other assets in your account(s). ICBCFS can sell the securities in any of your accounts to cover a margin deficiency when the equity in your account falls below the margin maintenance requirements. The Federal Reserve Board establishes initial margin requirements and the FINRA establishes the maintenance requirements; higher house maintenance requirements also may be established by ICBCFS. You will also be responsible for any shortfall in the account after the sale.
- ICBCFS can sell the securities in your account(s) without notice. Some investors mistakenly believe that a firm must contact them for a margin call to be valid and that the firm cannot liquidate securities in their accounts to meet the call unless the firm has contacted them first. Most firms will attempt to notify their customers of margin calls, but they are not required to do so. However, even if a firm has contacted a customer and provided a specific date by which the customer can meet a margin call, the firm can still take necessary steps to protect its financial interests, including immediately selling the securities without notice to the customer.
- ICBCFS chooses which securities in your account(s) are liquidated or sold to meet a margin call. Because the securities are collateral for the margin loan, ICBCFS has the right to decide which security to sell in order to protect its interests.
- ICBCFS can increase its house maintenance margin requirements at any time and is not required to provide you with advance written notice. These changes in firm policy often take effect immediately and may result in the issuance of maintenance margin call. Your failure to satisfy the call may cause ICBCFS to liquidate or sell securities in your account(s).
- You are not entitled to an extension of time on a margin call. While an extension of time to meet margin requirements may be available to customers under certain conditions, a customer does not have a right to the extension.
- Proxy Voting Loss. ICBCFS may lend your shares in a margin account to other customers or broker-dealers. When shares are lent, and remain outstanding over a voting record date period declared by the issuer, you may lose your voting rights on all or a portion of your shares you hold at ICBCFS and will not be eligible to vote those shares.

Should you have any questions, please do not hesitate to contact ICBCFS as indicated herein, or its Compliance Department at (212) 235-0683.